

ENTERED
Office of Proceedings

FEB 1 - 2011

Part of
Public Record



228746

Surface Transportation Board
Attention: Docket No. EP 704
395 E Street, S.W.
Washington, DC 20423-0001

31 January 2011

Re: STB Docket No EP 704 Statement and Notice of intent to participate

Company:

Weaver Popcorn Company, Inc. ("Weaver") is an 83-year old fourth generation family-owned company headquartered in Noblesville, Indiana with plants located in Van Buren, Indiana and in Forest City, Illinois. We employ over 350 people. Our products are branded under our own Pop Weaver® and Trails End® brands along with numerous private labels. Our products range from full railcars of bulk popcorn to Mexico all the way to a 2.7oz bagged microwave popcorn at WalMart. Today, we operate the largest single microwave popcorn plant in the world in Van Buren, Indiana.

Export Markets:

We have been exporting to countries around the world for over 50 years and exports today remain a central part of our business and a very important area for growth in the future. The United States market for popcorn is approximately 800mm lbs of raw popcorn per year, and we estimate the world market outside of the United States is approaching 935mm lbs of raw popcorn. Growth in the world market substantially exceeds the growth level to be found in the domestic United States market. As a result Weaver and other companies have focused much of their growth strategy on the overseas markets.

The primary competition American producers' face in overseas export growth is not from each other but from the newly established Argentina producers' of popcorn. American YTD 2010 exports of popcorn were approximately 190mm pounds and Argentina exports of popcorn were approximately 550mm pounds. America is losing this export fight. We face two key issues in our competition with Argentina producers: various cost issues associated with the tax-favored treatment of the Argentina popcorn industry and the freight disadvantage faced by American producers. We would like to call the STB's attention to this freight disadvantage as we believe it is a situation faced by many American exporters.

Critical issue is low weight containers versus Argentina:

Our net weight allowed on an export container is currently restricted by the fact American exporters have been obliged to ship the first leg of all of our shipments by dray over the road ("OTR") to a container ramp. We have used in the past Detroit, Chicago, and Indianapolis. Today the overwhelming majority of our containers from both plants pass through Chicago ramps. This OTR dray/truck passage for the first 180 miles to Chicago of our products' passage dictates the net weight we can ship for the entire 5,000, 6,000, or 8,000-mile journey! The result of this is significant. Weaver, like other American producers, can ship at most 21 tons on a 20' export container of bulk popcorn. Our Argentine friends, without the same weight restrictions on their own road system, can ship 25-26 tons.

Weaver Popcorn Company, Inc.
14470 Bergen Blvd., Suite 100 Noblesville, IN 46060
(765) 934-2101

This results in, usually, a 20-25% freight subsidy for our Argentina competitors. This freight differential is substantial in a bulk commodity market.

Our proposal is to load containers onto rail at our facility:

Our proposal at Weaver has been for some time to allow the railroad to allow us to invest our capital at our popcorn plants to load containers directly onto (leased) railcars in Van Buren. Since this would keep our exports off the American interstate system, it would allow us to ship more weight per container on the more weight-capable American railroad system. This would have three significant positive benefits:

1. **Enhanced American exports through reduced freight costs:** by allowing Weaver and other exporters to ship 25 tons per export container, we could dramatically reduce the per ton price to ship products from Van Buren to Amsterdam, to Shanghai, to Alexandria, to Mumbai, to Dubai.

- Weaver estimates we could increase our own exports approximately 30% immediately upon loading containers in its Van Buren, IN and Forest City, IL facilities. This is all incremental to the American farmer and manufacturing worker.

2. **Reduced interstate road congestion around rail ramps:** Weaver alone ships several thousand export containers per year through the crowded Chicago, Illinois interstate system. Allowing Weaver and other exporters to load directly onto the rail system and bypass such congested areas as Chicago, Newark, and others will significantly reduce the strain on the road systems.

- This reduction in OTR truck traffic through congested areas would no doubt have positive safety and maintenance impacts on our nations stressed interstate infrastructure.

3. **Opportunity for class III railroads to support the export markets:** currently our participation with our class III partners, particularly at the WBCR in Indiana, has been limited to domestic opportunities. Allowing class III's to load and switch containers will allow them to participate in America's export markets. The flexibility our partners have demonstrated to me indicates there are undefined benefits that may accrue here.

Ignored:

Unfortunately our proposals have been ignored for some time by our primary Class I partner, the Norfolk Southern Railroad. They have refused to provide an answer in response to our repeated requests to invest over \$1mm into shifting our exports onto the safer, more weight capable, American railroad system. We understand, indirectly, that Norfolk Southern may have a desire to concentrate their container operations into certain ramps that offer economies of scale.

We ask the Surface Transportation Board to review this situation to see if it can see the merit in allowing private companies like Weaver to invest their own monies into shifting their exports off the interstate road system and onto the rails, thereby reducing their freight costs and increasing American export volumes.

We request the opportunity to testify at your upcoming hearing on this topic.

Respectfully,
Will Weaver
Chief Operating Officer
Weaver Popcorn Company, Inc.
www.weaverpopcorn.com

Weaver Popcorn Company, Inc.
14470 Bergen Blvd., Suite 100 Noblesville, IN 46060
(765) 934-2101